

How Fraud Impacts Idahoans

Scholarship Contest Second Place Winner

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## **How Fraud Impacts Idahoans**

I love paying for auto insurance. And medical insurance. Homeowner's insurance. Life insurance. Wow! Insurance, in many cases required by the state, is becoming increasingly difficult to afford for the average household; consequently, more and more citizens across the country are filing fraudulent claims in order to capitalize. They are capitalizing off of you and me. Insurance fraud affects Idahoans in three significant ways: first, integrity decreases on a societal level. Second, Idahoans must pay for fraud. Last, we must try to end it.

First of all, integrity and dignity decrease on a societal level within our state when fellow citizens commit fraud. The economic downturn has "forced" many to commit financial fraud as a last resort, resulting in loss of self-respect and responsibility. Nationwide reports show that 2009 proved to be a "busy year for fraud investigators" ("Alert"). I suggest that, although seemingly insignificant to many, it is a potential catalyst of further crime activity. These crimes may include arson, lying in court, assisting a criminal in illegal activity, and so on. Integrity and dignity decrease when people, especially when out of economic desperation, turn to crime to make money, whether it is \$100 or \$100,000,000.

Second, honest Idahoans must pay for fraud. Statistics from the coalition Against Insurance Fraud and the National Insurance Crime Bureau suggest that approximately 10-25% of all our premium dollars are spent on fraudulent claims (Student Information)! The Insurance Research Council has stated that increased claims "help drive up the cost of insurance for everyone" ("Everyone Pays"). The National Insurance Crime Bureau released a report indicating that questionable claims jumped 14% in 2009 alone (Comparison

Report). The cost comes to all citizens. Not only are our insurance premiums increased, but millions of dollars each year are spent stopping fraud. Police forces, fraud investigators, courts, and prisons are all recipients of millions of our tax dollars each year. The cost is not cheap, but taking an active stance against fraud lessens it.

What can you do to decrease this cost? It comes to us to stop fraudulent crimes, even if the violators are our friends and family. First, be an honest and fraudless person yourself. It is my belief that a vast majority of society's problems would cease if each citizen practiced personal integrity. Second, encourage others – especially the people you have most influence over – to avoid filing fraudulent insurance claims. You will be helping them tremendously, even if they do not initially realize it. Studies reveal that three in ten Americans would not report scams committed by someone they know (“Alert”). You can save your friend from going to prison. Third, educate everyone and anyone about the dangers and cost of insurance fraud. As the old adage states, “An ounce of prevention is worth a pound of cure.” Lastly, report crime if you see it, no matter who it is.

Fraud comes from so many sources: struggling parents, desperate friends, elderly people, college students, and so on. Do not be a source of insurance fraud. Take steps to protect yourself from fraud, if it is committed against you. If you do these things, you will have increased personal integrity and dignity. Your cost as a taxpayer will be decreased. You can help your friends and family avoid heavy fines and/or imprisonment. The impact of fraud on Idahoans is great, but with increased awareness, we can successfully and significantly decrease insurance fraud and premiums together.

### Works Cited

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